The impact of students on local house prices: Newcastle upon Tyne, 2000-2005

Kris Powell and Michael Barke

Introduction

Over the past two decades, the UK has seen consistent growth in student numbers with a near doubling of full-time equivalent students from 690,000 in the early 1990s to 1.2m by the early 2000s (DfES, 1993; HESA, 2002). The student populations of metropolitan centres across the UK have thus becoming increasingly significant as the Government continues to encourage more participation in Higher Education (HE). This rapid growth in student numbers has had the obvious consequence of increasing demand for student accommodation. Whilst a proportion of this accommodation is purpose built, growth in numbers has inevitably put more pressure on the private rented sector of the housing market. Media concerns about the social and environmental impact of large concentrations of students have become commonplace (see, for example, Benjamin, 2001; Harris and McVeigh, 2002; Adams, 2006; Hoyle and Tobin, 2006; Tickle, 2007) and academics have recognised that this student 'invasion', termed 'studentification' (Smith, 2002), is a process of growing social, economic and political importance (Kenyon, 1997; Hughes and Davis, 2002). It has been claimed that studentification is leading to relatively higher levels of social segregation and concentrations, and is widening socio-spatial polarisation within university-towns (Dorling and Rees, 2003).

The process of studentification is therefore manifest in a variety of ways, but this paper is concerned with just one dimension of this phenomenon of contemporary urban change – namely the student impact on the housing market, examined through the relationship between the numbers of student residences and house/flat prices in Newcastle upon Tyne. Although renting privately is a minority tenure in the UK, the sector is recognised as being vital to the smooth operation of the wider housing markets (Rugg *et al.*, 2002; 2003), and as student growth in university towns increases,

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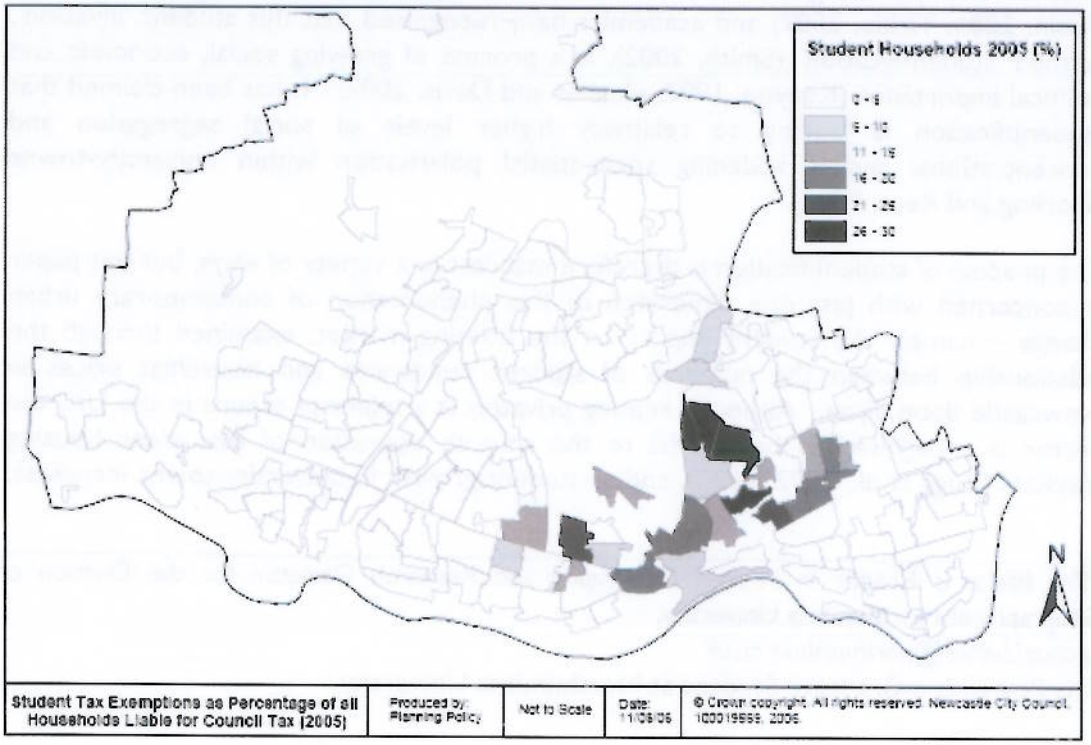
so too does the demand for student housing within the private rented sector. This demand does, of course, have a long history (McDowell, 1976; 1978; Nicolson and Wasoff, 1989; Brown, 1992) but the sheer rapidity and extent of recent growth in student numbers has introduced a new dimension, along with the popularity of 'buy to let' schemes. The private rented sector has moved from a position of relative marginality and stigmatisation to being perceived in a much more positive way (Mansfield, 2000; Murie, 2006). An important component of this change is the role of private landlords seeking financial benefits from investment in student property, and this demand can be intensely localised, resulting in competition between potential landlords looking to secure properties to let. Concerns have been raised regarding the impact this has on house/flat prices, yet conflicting claims have been made, some suggesting that student concentration has a negative effect on the property prices of surrounding homes – 'Nightmare neighbours can devalue your property' (PropertyFinder.com, 2006), while others claim that prices increase as a result of the demand for student properties (Halifax Estate Agents, 2005).

Figure 1 Student tax exemption as Percentage of all Households Liable for Council Tax 2005 (NNC, 2007)



A marked feature of student demand within the private rented sector is that it can be intensely localised, with a range of factors contributing to the emergence of recognisable 'student areas' (Allinson, 2006; Smith and Holt, 2007). Foremost is the actual availability of housing for rent, but this, in turn, is in part a response to demand factors such as relative ease of access to university campuses, the existence of student-oriented retail and recreational services, and the desire to co-reside with other students in both a relatively discrete locality and also in multi-occupied households. This extreme localisation is apparent in Newcastle upon Tyne, making the city, which is a major centre for higher education (Newcastle City Council, 2007) an ideal study area for the present purpose[2]. In 2000, there were approximately 25,270 full time students at the two universities but by 2006/7 this had risen to 36,100 (Morgan and Watkins, 2007). More significantly for the present study, bed spaces provided directly by the universities have not substantially increased, with the obvious corollary that substantial additional demand has been placed on the private rented sector.

Figure 1 shows that student concentration is specifically located in three Newcastle wards (Jesmond, Sandyford and Heaton) and Figure 2 shows the change in the proportion of dwellings that were privately rented between 1971 and 2001. In each of the three wards this proportion has increased significantly. In 2001, 34% of dwellings were privately rented in Jesmond, 27% in Heaton and 23% in Sandyford, compared to a city average of 10.7%. The purchase of dwellings with a view to conversion into rented accommodation, mainly for students, has been the principal driver of this change (Newcastle City Council, 2007).

Jesmond and Sandyford are located in relatively close proximity to the city centre campuses of both Newcastle and Northumbria Universities and, whilst Heaton is further to the east, it is relatively accessible to these locations and to the Coach Lane campus of Northumbria University. Whilst all three areas contain substantial proportions of terraced property, there are important differences between them in terms of social composition, history and age of development, mix of housing type, property price levels before the student influx and, no less important, perceived reputation as neighbourhoods. We may expect that such factors have influenced the trajectory of studentification in the three areas.

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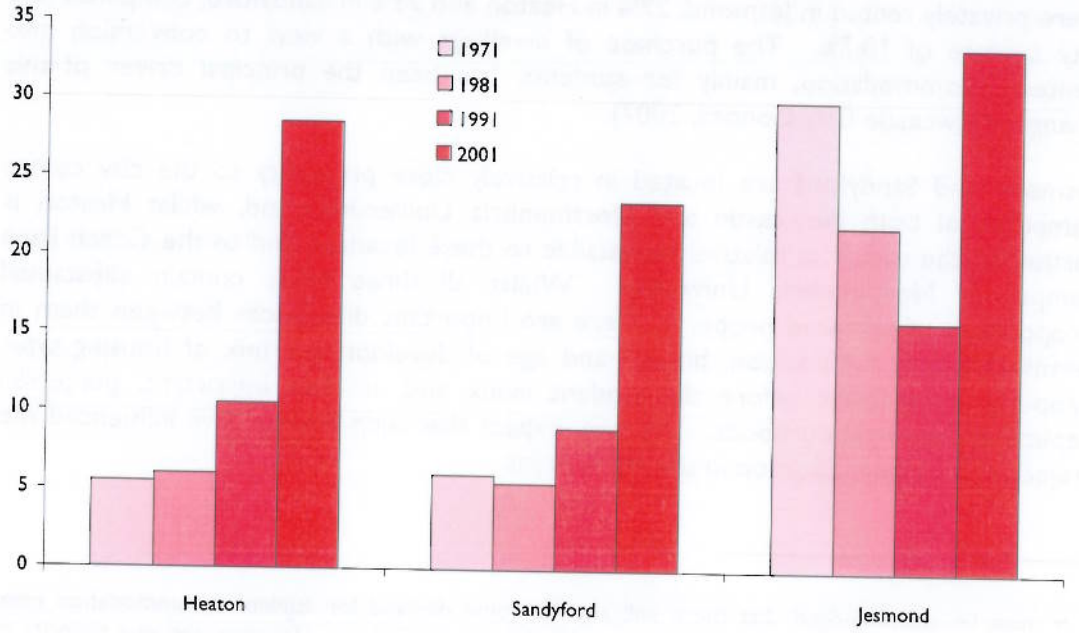
[2] It must be acknowledged that there will also be some demand for student accommodation from students attending courses in FE colleges, especially Newcastle College. However, the vast majority of such students are either under 18 or mature students living 'at home'. A recent survey of student accommodation in the city (Morgan and Watkins, 2007) noted the 'smaller growth in the need for accommodation from Newcastle College students' (p.2).

As already observed, opinion is divided on the impact of students on property prices. According to Smith (2004), 'studentification involves the revalorisation and inflation of property prices, which is tied to the recommodification of single-family housing or a repackaging of private rented housing'. However, whereas a simple demand model would lead one to expect an increase in property prices, over a longer term the possible externality effects of large student concentrations may have a negative impact (Shepherd, 2007) and 'homeowners worry that increasing numbers of rental properties and student tenants will reduce their property values' (Bromley, 2006). In this latter scenario, the trajectory of studentification would proceed from initial colonisation of a neighbourhood, through increased values resulting from increased demand, to a situation of saturation where values stagnate or even decline through the real or perceived problems resulting from a large concentration of students. The main focus of this paper is therefore to examine the relationship between student concentration and house/flat prices within the three wards of Jesmond, Sandyford and Heaton and the possible changes in this relationship.

Figure 2 Proportion of privately rented properties in Jesmond, Sandyford and Heaton, 1971-2001



It is clear that this analysis could be carried out at a variety of spatial scales but the authors are in agreement with Maclennan (1977; see also Munro and Maclennan, 1987) in stressing the importance of small units of spatial aggregation. As 'student areas' tend to be spatially discrete their impacts are relatively localised. The focus is therefore on local housing markets in the belief that greater attention needs to be paid to smaller spatial scales to fully appreciate the impact students have on the rate of house/flat price change. Consequently this paper looks at how student concentration relates to property prices, with the individual street being the principal unit of analysis.

Methodology

In order to test the relationship between student concentration and house/flat prices, it is necessary to present a dynamic view. Consequently, the paper examines relationships between student concentration and house/flat prices at the level of the individual street for the two years 2000 and 2005 and the changes in those variables between those years. As noted above, this period spans a particularly rapid increase in student numbers at both of the city's universities (over 40%).

Measuring the relationship between student concentration and house/flat prices requires robust data on the spatial distribution of both phenomena. The 1991 census had significant shortcomings in relation to the reporting of student term-time residence and parental addresses (Dale and Marsh, 1993) but the 2001 census has been claimed to be more reliable in reporting the number of multi-student households (Smith, 2004). However, although the census data provides a useful general overview of the location of students in 2001, it includes all students over the age of 16 and residing in their family home. As the focus of this research is on university students and on change over the early 2000s these figures are of limited value. In order to make meaningful comparisons between two recent datasets, an alternative data source had to be used.

According to Newcastle City Council (2007) the best indicator at present regarding concentrations of students in the private rented sector is provided by a summary of statistics derived from Council Tax records. Households made up entirely of students can seek exemption from Council Tax and the address of each property is recorded (Figure 1). There is obviously a degree of inaccuracy with this as not all exempt properties are made up of students, but the data source remains an extremely valuable and flexible one.

While Figure 1 shows the districts with the highest concentration of exemptions, this research required the number of student-exempt properties at street level. Examination of the changes in student concentration in the three wards was facilitated by the

existence of a previous dataset of Council Tax exemptions for 2000 (Smart, 2001) to which the 2005 exemption data could be compared. In order to ensure confidentiality, both sets of data were anonymised before counting and plotting the location of exempt properties on a street-by-street basis, for each of the three wards included in the study.

The next step was to calculate the average house and flat sale prices for 2000 and 2005 for each street within the three wards. It was important to differentiate flat sales and house sales as a simple average property price could inflate or deflate the average dramatically depending on the composition of the street in terms of houses and/or flats. Furthermore, the proportion of houses and flats could potentially change for the same street over the 2000-2005 period, due to conversion. Therefore flat sales and house sales are separated in the main part of the analysis.

The primary source of house and flat prices was obtained from data sets compiled by the Land Registry and available through the ourproperty.co.uk web site. It was decided to impose a temporal limit of two discrete calendar years on the property price data collected (2000 and 2005). Inevitably, this significantly reduced the street level data available, but this limitation was imposed in order to retain consistency with the temporal availability of data on student concentration for the two years 2000 and 2005 and to prevent the 'averaging out' of rapid price inflation which would have occurred if data for a longer period of time (say, three years) had been used. In examining the relationship between student concentration and property prices in the first instance, no distinction is made between different levels of sales per street. The relationships between student concentration and property prices are examined principally through simple Product Moment correlation of the variables, although the paper initially presents some descriptive aggregate data.

Property prices and students at the ward level

Table 1 shows the relationship between crude average property prices and the percentage of students per street for the three study wards for the year 2000. All sales for all streets are used with, at this stage, no differentiation made between houses and flats. The first observation is that in both Jesmond and Sandyford in 2000, there appears to be a close relationship between mean property prices and the proportion of student households, with lower prices being prevalent where students constitute a higher proportion of a street's residents. Intriguingly, the relationship is less clear in Heaton, suggesting that different relationships may exist in different parts of the city and different types of 'student area' (Figure 3). Although possessing some similarities, subtle differences between the areas may well have produced different sequences of studentification and, therefore, relationships to dwelling prices. However, these data

must be treated with extreme caution as the mean value figure is for all properties, and could therefore simply be a reflection of the distinction between houses and flats and between different sizes of houses. In other words, a lower average property price in areas with high proportions of students could simply be a reflection of the presence of a larger number of flats, which tend to be cheaper than houses.

Table 1 Aggregate relationship between proportion of student households per street and mean property price, 2000

% of student households in street	Mean property price (£)		
	JESMOND	HEATON	SANDYFORD
0	218,562	113,000	126,444
1-9	178,488	59,204	88,000
10-19	141,229	55,709	80,337
20-29	122,628	47,657	80,124
30-39	114,507	68,391	64,969
40 +	83,081	61,991	65,567

Figure 3 Relationship between student households and property price, 2000

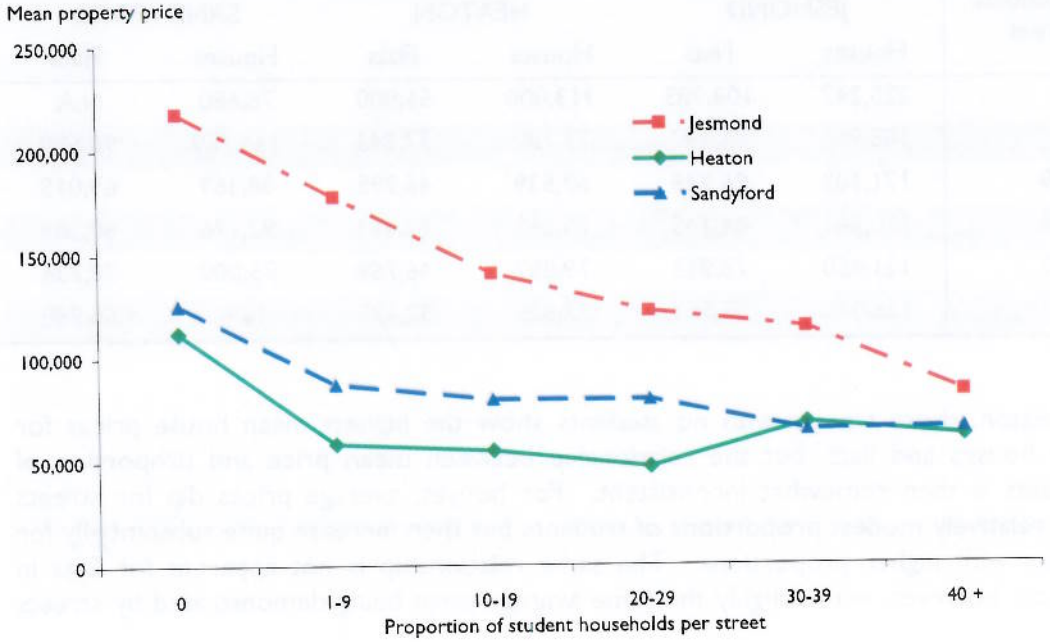


Table 2 and Figure 4 therefore break down the property price data into houses and flats for each of the three study areas in 2000. It is immediately obvious that the apparently clear-cut relationship indicated in Table 1 and Figure 3 for Jesmond and Sandyford is not fully sustained when the data is disaggregated by dwelling type. In the case of Jesmond, there is a generally consistent tendency for both house and flat prices to decrease with an increasing proportion of resident students, with the important exception of those streets with the highest proportion (over 40%) of students where both house and flat prices demonstrate an upward trajectory. Sandyford shows a much more varied pattern with a clear anomaly in those streets with no students in 2000, which show surprisingly low house prices, after which there is then a generalised and consistent house price decline with increasing numbers of students. The same is not true of flats, however - there is an upward turn in prices for streets with 30-39% of student residents and, although the average price falls to £66,988 for those streets with 40%or more student households, this is either higher or broadly comparable to the average price of flats in Sandyford streets with relatively limited proportions of student residents.

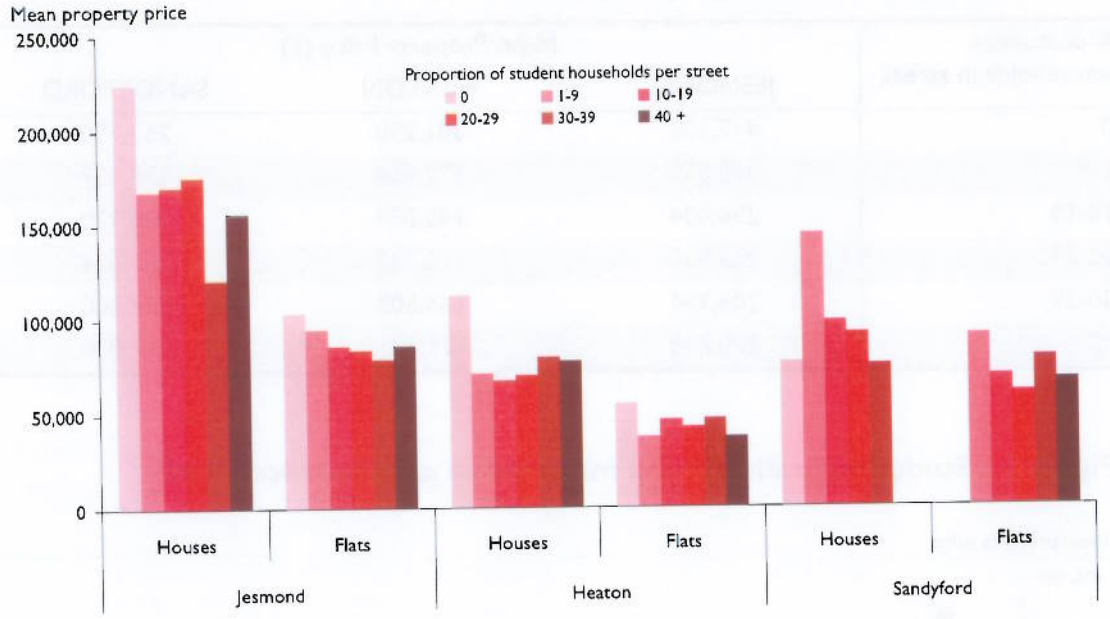
Table 2 Relationship between % of student households per street and mean house and flat prices, 2000.

% of student households in street	Mean property price (£)					
	JESMOND		HEATON		SANDYFORD	
	Houses	Flats	Houses	Flats	Houses	Flats
0	225,247	103,983	113,000	55,000	76,680	N.A.
1-9	168,905	95,197	71,182	37,343	144,769	90,680
10-19	171,102	86,249	67,539	46,295	98,369	69,015
20-29	176,261	84,145	70,261	42,443	92,176	60,309
30-39	121,450	78,913	79,857	46,769	75,000	78,734
40+	156,000	85,983	77,625	37,125	N.A.	66,988

In Heaton, those streets with no students show the highest mean house prices for both houses and flats, but the relationship between mean price and proportion of students is then somewhat inconsistent. For houses, average prices dip for streets with relatively modest proportions of students but then increase quite substantially for streets with higher proportions. The same relationship is not apparent for flats in Heaton, however, with roughly the same average price being demonstrated by streets

with over 40% student households or only 1-9%, and the second highest price category by streets with 30-39% students.

Figure 4 Student households per street and mean property price, 2000



Overall, therefore, the relationships are quite complex. Whilst there was a general tendency in 2000 for prices for both houses and flats to be higher in the absence of students, there would also appear to be evidence of demand for student housing to have stimulated price levels in streets where students were a significant presence. But the three study areas demonstrate rather different relationships in detail, suggesting different histories and trajectories of change in relation to their role in accommodating students. To probe the extent to which these trajectories may have changed and developed further, Tables 3 and 4 examine similar data for 2005.

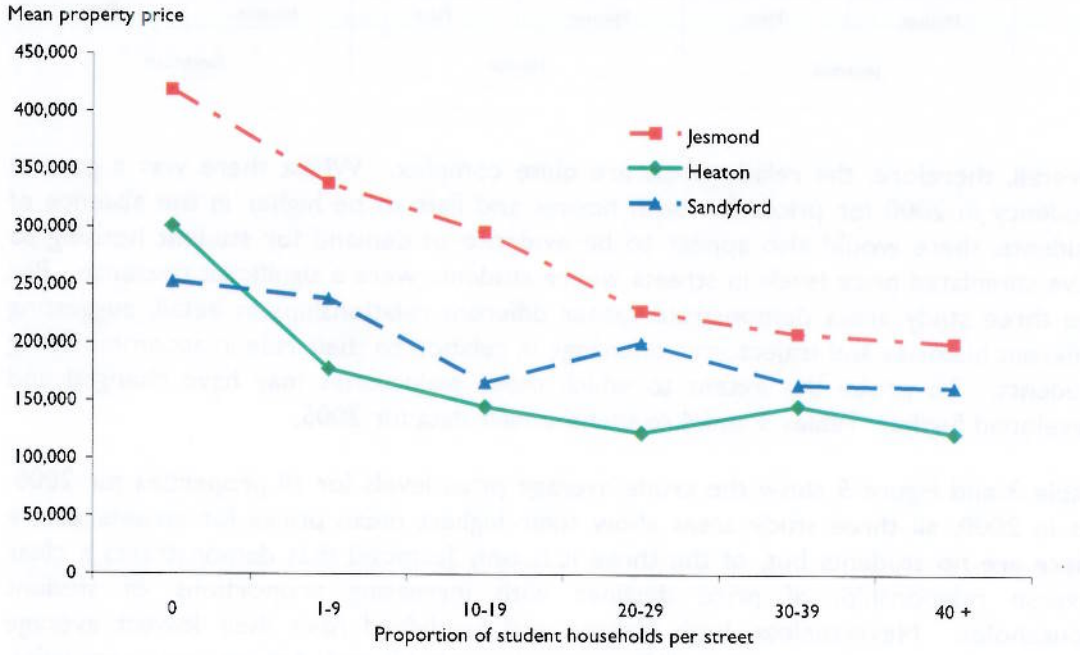
Table 3 and Figure 5 show the crude average price levels for all properties for 2005. As in 2000, all three study areas show their highest mean prices for streets where there are no students but, of the three it is only Jesmond that demonstrates a clear inverse relationship, of price declines with increasing proportions of student households. Nevertheless, both Heaton and Sandyford have their lowest average prices in streets with more than 40% student households and, despite some anomalies,

support a tentative conclusion that there is a broadly negative relationship between property prices and increasing proportions of students.

Table 3 Aggregate relationship between % of student households per street and mean property price, 2005

% of student households in street	Mean Property Price (£)		
	JESMOND	HEATON	SANDYFORD
0	419,103	301,250	253,750
1-9	338,535	177,958	238,637
10-19	296,804	145,033	166,370
20-29	228,956	122,743	200,824
30-39	208,994	145,508	164,260
40 +	200,748	121,731	162,080

Figure 5 Student households and mean house and flat prices, 2005



However, as with the 2000 data, it is necessary to disaggregate these prices for houses and flats. This is shown in Table 4 and Figure 6. In Jesmond, whilst the relationship between average prices and proportion of student households remains consistent for houses, the trend for flats is clearly quite different with streets with significant (although not dominant) numbers of students showing high average flat prices. This is consistent with an interpretation that suggests that student demand may lead to enhanced prices of flats, in particular (and the likely conversion of former family homes into flats), but that, once a certain threshold is reached, dense concentrations of students are bad news for property prices of all kinds. But in Sandyford, streets with high proportions of student households show high average house prices and flats demonstrate a similar, if less clear-cut, tendency. Although both Jesmond and Sandyford experienced an extremely rapid increase of 143% in all student households between 2000 and 2005, the numbers involved in Jesmond are much more substantial. The 457 all-student households of 2000 had increased to 1,112 by 2005, compared with the corresponding figures of 288 and 700 for Sandyford. Furthermore, before 2000 Sandyford had a rather more recent history of student colonisation than Jesmond. These data are consistent with an explanation that relates house price change to both the timing and volume of growth in student numbers in different areas.

Figure 6 Student households and mean house and flat prices, 2005

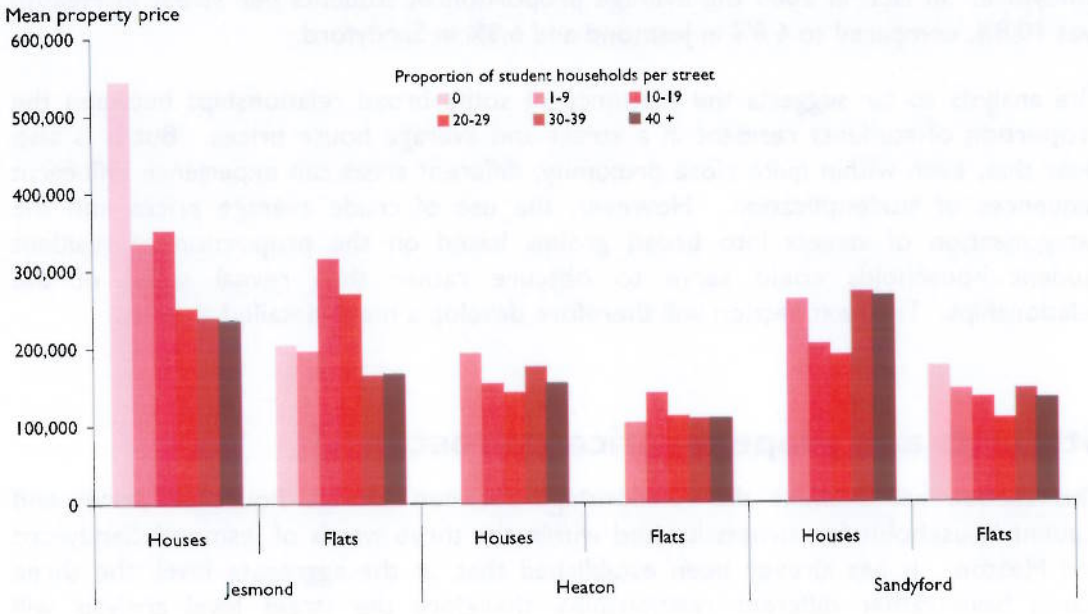


Table 4 Relationship between % of student households per street and mean house and flat prices, 2005.

% of student households in street	Mean property price (£)					
	JESMOND		HEATON		SANDYFORD	
	Houses	Flats	Houses	Flats	Houses	Flats
0	547,264	205,445	-	-	-	175,000
1-9	337,681	197,900	194,313	103,975	262,000	145,000
10-19	354,005	317,350	155,111	141,868	203,833	134,538
20-29	253,089	271,381	143,400	112,441	190,130	107,571
30-39	240,713	165,633	175,938	109,179	270,792	144,995
40+	235,871	167,100	154,482	109,081	265,692	133,245

In Heaton the relationship between the proportion of students and house/flat prices is, if anything, even more variable. Although flat prices tend to decrease with increasing proportions of students in the street, the lowest average price for flats occurs in streets with 1- 9% of student households. Yet, streets with this proportion of students have the highest average house prices. It is also noteworthy that prices overall in Heaton are lower than in both Jesmond and Sandyford, but it is not simply the case that Heaton is at a later stage of student colonisation than Jesmond or Sandyford. In fact, in 2000 the average proportion of students per street in Heaton was 10.8%, compared to 6.6% in Jesmond and 6.9% in Sandyford.

The analysis so far suggests the existence of some broad relationships between the proportion of students resident in a street and average house prices. But it is also clear that, even within quite close proximity, different areas can experience differernt sequences of studentification. However, the use of crude average prices and the categorisation of streets into broad groups based on the proportion of resident student households could serve to obscure rather than reveal some of the relationships. The next section will therefore develop a more detailed analysis.

Students and property prices: street level

This section will examine the relationships between average house/flat prices and student households for streets located within the three wards of Jesmond, Sandyford and Heaton. It has already been established that, at the aggregate level, the three wards have rather different relationships, therefore the street level analysis will

examine each in turn. The relationship between the proportion of student households per street and mean house/flat prices is examined but also that between mean house prices and the absolute *number* of student households. In a comparatively short street, the proportion of student households could be relatively high although the absolute number is low, and vice versa in a comparatively long street. Therefore, as street length varies, it is important to examine both the proportion of student households and the absolute number. In addition, the mean changes in house/flat prices per street over the 2000-2005 period are examined in relation to the proportion and number of student households in 2005.

Table 5 shows that, for Jesmond streets, almost all the relationships are negative. In 2000, there was a significant negative relationship between the proportion of student households and mean house and flat prices. By 2005 these relationships remained negative and had strengthened. This clearly suggests that, with a higher proportion of students in a street in Jesmond, house prices were negatively affected. Change in house prices over the half decade also appear to be negatively affected by higher proportions of student households (a correlation coefficient of -0.334). Changes in flat prices over the five years are also negatively related to the proportion of students, although to a lesser degree. However, although predominantly negative, most other correlates of house and flat price changes in Jesmond fail to reach any level of statistical significance. Nevertheless, on balance, the evidence from Jesmond appears to confirm the propertyfinder.com (2006) survey conclusion, that high student concentration has a relative negative impact upon property prices.

Table 5 Correlation coefficients - Jesmond streets

	Houses	Flats
Mean price in 2000 and % student households, 2000	-0.332	-0.417
Mean price in 2000 and number of student households, 2000	-0.291	-0.168
Mean price in 2005 and % student households, 2005	-0.479	-0.446
Mean price in 2005 and number of student households, 2005	-0.273	-0.205
% price change, 2000-2005 and % student households, 2000	-0.093	+0.082
% price change, 2000-2005 and % student households, 2005	-0.334	-0.147
% price change, 2000-2005 and number of student households, 2000	-0.026	-0.026
% price change, 2000-2005 and change in % student households, 2000-2005	-0.005	-0.133

However, the results from the other two wards defy any simple interpretation. For Sandyford, although the majority of signs are negative, most of the correlation

coefficients are not statistically significant. Nevertheless, it is of some interest that, for flats, the relationship becomes positive in 2005 and for houses the negative relationship between mean price and the proportion of students weakens considerably. Rather more importantly, there is a significant *positive* relationship between change in mean house price and change in the proportion of student households living in Sandyford streets between 2000 and 2005 (Table 6). In other words, the greater the increase in the proportion of resident students, the greater the increase in mean house prices. This is clearly a rather different scenario from that found in Jesmond (Table 5). It should be recalled in this context that Sandyford has a rather more recent experience of studentification and that the aggregate numbers of students are lower.

Table 6 Correlation coefficients - Sandyford streets

	Houses	Flats
Mean price in 2000 and % student households, 2000	-0.210	-0.187
Mean price in 2000 and number of student households, 2000	-0.224	-0.129
Mean price in 2005 and % student households, 2005	-0.082	+0.047
Mean price in 2005 and number of student households, 2005	-0.319	-0.204
% price change, 2000-2005 and % student households, 2000	-0.382	-0.245
% price change, 2000-2005 and % student households, 2005	-0.082	-0.231
% price change, 2000-2005 and number of student households, 2000	-0.310	-0.178
% price change, 2000-2005 and change in % student households, 2000-2005	+0.405	-0.120

Further evidence of the varied trajectories and relationships in the three study areas is yielded by a simple correlation analysis of the mean house price per street in 2005 and the proportion of students five years earlier. This was to test the extent to which house price changes in a street could be related to the concentration of students at the start of the period. It could be argued that a relatively high concentration may be a significant indicator of latent demand and lead to higher price levels. On the other hand, high proportions of students could be an indicator of 'saturation' and little capacity for further growth. The correlations suggest very different trajectories of change in the three areas. In Sandyford, there is a clear positive relationship between average house prices in 2005 and the proportion of students in a street in 2000 (a coefficient of +0.559). This appears to fit the 'latent demand' hypothesis. In Jesmond, however, the relationship between the same two variables is negative (coefficient of -0.311)

possibly supporting the 'saturation' hypothesis. In Heaton, the relationship is also negative but with a weak correlation of -0.131. The three areas therefore clearly exhibit different continuums of change.

Turning to a more detailed consideration of the development of the student housing market in Heaton (Table 7), it is clear that the relationships analysed are different again. An initially negative relationship between house and flat prices and student presence becomes positive in 2005, particularly in relation to the absolute numbers of students in a street. Although the extremely low correlations suggest it would be in error to make too much of the relationships, the change in direction of the relationship is of some interest.

A factor that may help to explain this rather different behaviour on the part of the Heaton local housing market relates to the relatively depressed property market there, prior to the major student influx. In the mid 1990s prices were significantly below those in Jesmond and Sandyford, with the mean price of terraced properties being in the £40-50,000 range, compared to £80-90,000 in Jesmond and Sandyford. However, the increased demand created by the student market within the private rented sector in Heaton may have had an initially positive impact upon property prices. Figure 2 shows that, of the three wards, Heaton has had the most rapid recent increase in the proportion of privately rented property.

Table 7 Correlation coefficients - Heaton streets

	Houses	Flats
Mean price in 2000 and % student households, 2000	-0.054	-0.115
Mean price in 2000 and number of student households, 2000	-0.009	+0.017
Mean price in 2005 and % student households, 2005	-0.119	+0.249
Mean price in 2005 and number of student households, 2005	+0.327	+0.326
% price change, 2000-2005 and % student households, 2000	+0.031	-0.150
% price change, 2000-2005 and % student households, 2005	+0.012	+0.235
% price change, 2000-2005 and number of student households, 2000	+0.216	-0.104
% price change, 2000-2005 and change in % student households, 2000-2005	-0.010	+0.123

We can postulate a scenario that suggests that the increase in student numbers has caused an expansion of student residential property development into areas which were relatively 'new'. Initially low prices increase rapidly as a result of this increase in

demand. However, if student numbers increase to a point where the proportion of student households dominate the streets this may cause a negative relationship to develop – as witnessed in Jesmond in particular - but Heaton does not appear to have reached this point.

A further differentiating factor in Heaton relates to the slower pace of change. Between 2000 and 2005 the proportion of student households increased by 61% compared to the 143% in both Jesmond and Sandyford. In addition, although the average number of student households per street in the three study areas in 2005 was broadly similar, 16.8, 16.7 and 17.4 in Jesmond, Sandyford and Heaton respectively, the mean proportions of student households as a percentage of the total households per street were 35.8% in Jesmond, 41.1% in Sandyford, and only 29.5% in Heaton. Thus, although the number of student households per street is very similar, in Heaton, students are somewhat more 'mixed in' with other households.

In general, therefore, the increase in student households has had a somewhat more positive impact in Heaton than in the other two areas, but the demand there appears to be considerably less concentrated, as indicated by the slower rate of growth, the more widespread nature of the student population and the lower rate of application to install rooflights in upper Tyneside flats between 2002 and 2005 (Table 8). The latter is a useful measure of the intensification of space within existing dwellings usually to create an additional room in the loft space.

Table 8 Conversion of upper Tyneside flats, 2000-2005

Ward	Total Tyneside Flats	% with skylights, 2005	Number granted planning permission for conversion
Jesmond	585	53%	96
Sandyford	541	32%	70
Heaton	1,095	16%	30

As noted earlier, therefore, a particularly important feature in the relationship between students and property prices relates to the different trajectories of change and development in localised areas. There is no single model of the relationship between studentification and house price change that applies to all areas. This point is further reinforced by a simple contrast of change in two adjacent areas of Jesmond. Although, at the ward scale and in the analysis of relationships for streets, Jesmond

demonstrates the clearest negative relationships between student concentration and property prices (Tables 4 and 5), the importance of local variation and spatial disaggregation is illustrated by this contrast. Two streets, Holly Avenue and Shortridge Terrace were chosen because they consist of terraced housing, are adjacent to each other, and have approximately the same number of properties, 60 and 62 respectively. However, over the study period, the streets have experienced contrasting fortunes in the rate of property price change and differences in resident student growth.

It is significant that, at the beginning of the study period the proportion of student households was very similar – 24% in Shortridge Terrace compared to 22% in Holly Avenue (Table 9 and Figure 7). Clearly, students were already a significant component of the resident population in 2000. In Shortridge Terrace from 2000 to 2002, a gradual increase of 16 percentage points took place in student households but was not accompanied by any significant change in house prices. However, between 2002 and 2003 there was an increase of 39 percentage points in student households, which was accompanied by an 84% increase in average house prices. During 2003, the percentage of student households in Shortridge Terrace reached 79% and has remained roughly constant since then. But this growth was now accompanied by a stagnation or even decline in average house prices (Table 9).

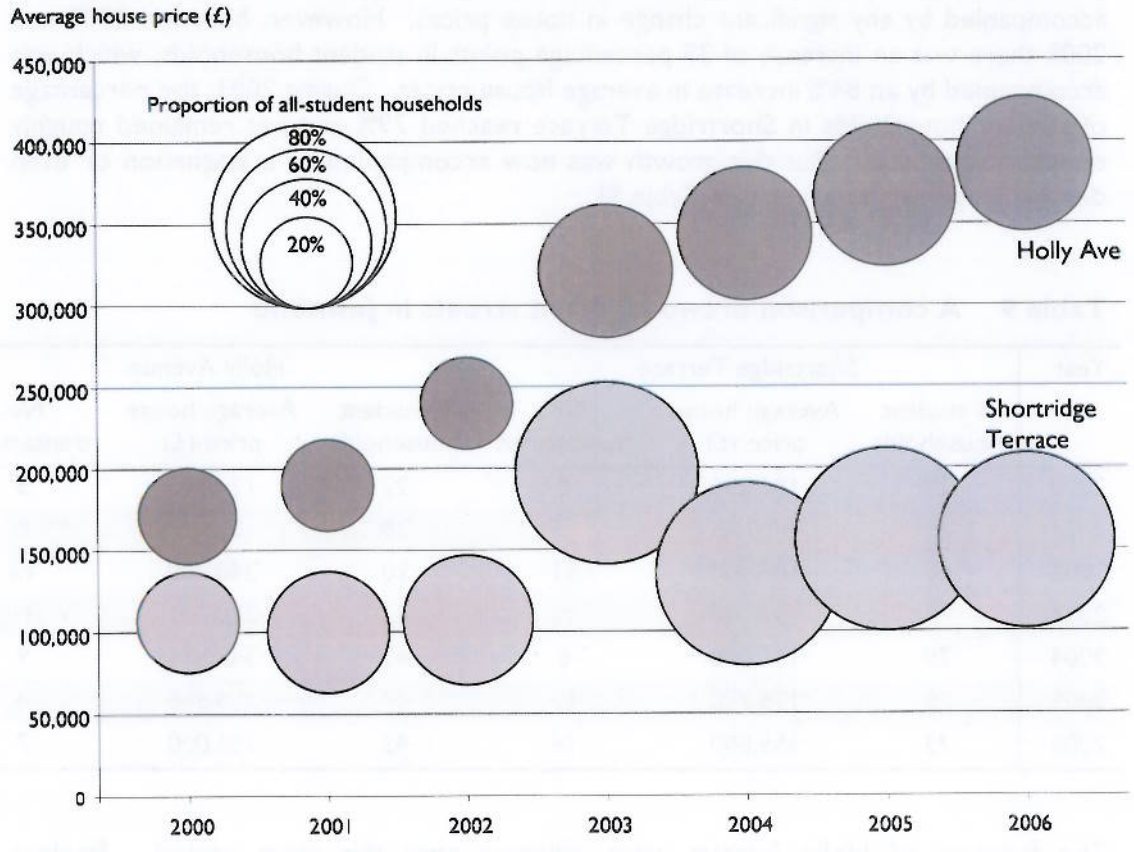
Table 9 A comparison of two adjacent streets in Jesmond

Year	Shortridge Terrace			Holly Avenue		
	% student households	Average house price (£)	No. transactions	% student households	Average house price (£)	No. transactions
2000	24	106,250	8	22	171,083	5
2001	35	99,950	13	20	189,918	8
2002	40	107,000	11	20	240,000	13
2003	79	197,000	12	42	320,777	11
2004	79	135,000	6	42	343,571	9
2005	79	155,750	17	47	366,666	4
2006	73	155,000	14	43	386,000	7

The fortunes of Holly Avenue were different over this same period. Student households increased by 21% over the 2000-2006 period to 43% but over the same

period average house prices increased by 126%. House prices in Holly Avenue were already higher than in Shortridge Terrace and the rate of price change is also greater and uninterrupted. The contrast between the two streets is partly explained by differences in the rate of student household growth. In Shortridge Terrace, student households suddenly started to dominate the street in 2003 – in effect, a threshold seems to have been reached – and their impact appears to have been felt in stagnating house prices (note that the number of transactions remained relatively high in 2005 and 2006). In Holly Avenue, although significant, the student presence did not dominate, its increase was more gradual and house prices continued a steady increase. These trends are clearly displayed in Figure 7.

Figure 7 Student households and house prices in adjacent Jesmond streets



Conclusion

One of the main points to stress, in conclusion, is the different trajectories of change of the sample areas. Although it may be tempting to interpret the differences between the three areas as evidence of an evolutionary sequence of 'studentification' of local housing markets, this is only part of the story. For example, as we have seen, in 2000 Heaton had the highest average number, and the highest proportion, of all student households per street but its trajectory of change over the next five years has been somewhat different from that in Jesmond and Sandyford. Heaton's distance from the main campuses of the two universities, Newcastle University in particular, has probably served to mitigate the intense pressure experienced by Jesmond and Sandyford. Other features of the local housing markets - for example, the combination of houses and flats and the mean price of property before the large scale growth in student numbers - are also important in influencing local trends of change.

We can also conclude that the two apparently opposing positions on the impact of students on local property prices may not be as contradictory as they appear at first sight. Rapid growth in student numbers may indeed lead initially to increased demand and price increases as landlords (especially those specialising in the student market) compete for property to let, and wealthier parents seek to ensure a decent standard of accommodation for their offspring at university, combined with the prospect of future capital gains on re-sale. However, it appears that when an area becomes saturated with all-student households, the rate of price increase may well slow down, stagnate, and possibly decline. But this sequence is not inevitable and much depends on the specific characteristics of local housing markets, including their geographical location in relation to University campuses.

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